

**REPORT OF THE AUDIT OF THE  
LIVINGSTON COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2004**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**105 SEA HERO ROAD, SUITE 2  
FRANKFORT, KY 40601-5404  
TELEPHONE (502) 573-0050  
FACSIMILE (502) 573-0067**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE LIVINGSTON COUNTY FISCAL COURT**

**June 30, 2004**

The Auditor of Public Accounts has completed the audit of the Livingston County Fiscal Court for the fiscal year ended June 30, 2004. We have issued an unqualified opinion on the governmental activities, business-type activities, each major fund, and aggregate remaining fund information.

#### **Financial Condition:**

The fiscal court had net assets of \$5,132,053 as of June 30, 2004. The fiscal court had unrestricted net assets of \$1,752,092 in its governmental activities as of June 30, 2004, with total net assets of \$5,121,347. In its enterprise fund, total net cash and cash equivalents were \$3,546 with total net assets of \$10,706. Total debt principal as of June 30, 2004 was \$15,292 with \$4,866 due within the next year.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities.



<u>CONTENTS</u>	PAGE
INDEPENDENT AUDITOR’S REPORT .....	1
LIVINGSTON COUNTY OFFICIALS .....	3
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	5
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS.....	13
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS .....	16
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS .....	20
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS .....	24
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS .....	29
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS .....	33
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS .....	37
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS.....	41
NOTES TO FINANCIAL STATEMENTS.....	43
BUDGETARY COMPARISON SCHEDULES .....	57
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION.....	64
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS.....	67
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS .....	71
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	75
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Christopher K. Lasher, Livingston County Judge/Executive  
Members of the Livingston County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Livingston County, Kentucky, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Livingston County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Livingston County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Livingston County, Kentucky, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The county has implemented Governmental Accounting Standards Board Statements 33, 34, and 37 as they relate to the modified cash basis of accounting as described in Note 1, which has altered the format and content of the basic financial statements.



To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Christopher K. Lasher, Livingston County Judge/Executive  
Members of the Livingston County Fiscal Court

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Livingston County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, are presented for additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated May 18, 2005, on our consideration of Livingston County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
May 18, 2005

## LIVINGSTON COUNTY OFFICIALS

For The Year Ended June 30, 2004

### **Fiscal Court Members:**

Christopher K. Lasher	County Judge/Executive
Terry Stringer	Magistrate
Joe O'Bryan	Magistrate
Jerry Deatherage	Magistrate
Ivus Crouch	Magistrate

### **Other Elected Officials:**

Billy N. Riley	County Attorney
Benjamin Guill	Jailer
Carroll D. Walker	County Clerk
Connie Myrick	Circuit Court Clerk
Tommy Williams	Sheriff
Sue Ann Carver	Property Valuation Administrator
Jeff Armstrong	Coroner

### **Appointed Personnel:**

Tracie Belcher	County Treasurer
Tracy Mitchell	Occupational Tax Collector
Tana Doom	Finance Officer
Cindy Mifflin	Human Resource Director
Paul Quertermous	Road Supervisor
Hershel Evans	911 Administrator
Debbie Willbanks	Jail Administrative Assistant/Bookkeeper





Chris Lasher  
Livingston County Judge Executive

(270) 928-2105  
(270) 928-2106

355 Court Street • P.O. Box 70  
Smithland, KY 42081

Fax: (270) 928-3262  
Email: [chrislasher@smithland.net](mailto:chrislasher@smithland.net)

## **Management's Discussion and Analysis**

### **June 30, 2004**

The financial management of Livingston County, Kentucky offers readers of Livingston County's financial statements this narrative overview and analysis of the financial activities of Livingston County for the fiscal year ended June 30, 2004.

### **Financial Highlights**

- The assets of the County exceeded its liabilities by approximately \$5,121,347 in governmental activities.
- We did not report capital assets in the prior year ended June 30, 2003.
- Governmental revenues exceeded governmental expenditures by \$318,680. Governmental revenues exceeded prior year governmental revenues by \$177,442.
- The county received \$21,687 in Homeland Security and Weapons of Mass Destruction grants to support the functions of protection to persons and property.
- The County received \$436,582 in State reimbursements for various road projects.
- The County received \$11,133 in Emergency Medical Services grant (Senate 66 grant) to use toward the purchase of a new ambulance for the 05/06 fiscal year.
- The County received \$21,004 from the Environmental and Public Protection Cabinet to support a solid waste management plan.
- The County received \$787,740 from the Natural Resources and Environmental Protection Cabinet, Kentucky Heritage Land Conservation Fund to support the purchase of property for preservation and conservation efforts.

### **Overview of the Financial Statements**

The management's discussion and analysis serves as an introduction to the County's basic financial statements, which consists of two government-wide financial statements, the various fund financial statements, and the notes to the financial statements. Immediately following the notes to the financial statements is the budgetary schedule for the General Fund and other major Special Revenue Funds as well as any additional combining schedules for non-major funds. The County's financial statements are made up of the following:

**Livingston County**  
**Management's Discussion and Analysis**  
**June 30, 2004**  
**(Continued)**

**Overview of the Financial Statements (Continued)**

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of Livingston County's finances in a similar manner to a private-sector business and consist of a statement of net assets and a statement of activities.

The *Statement of Net Assets* presents information on Livingston County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported on a modified cash basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and related assets and liabilities.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Livingston County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal and statutory requirements. All of the funds of Livingston County can be divided into two broad categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to report most of the County's basic services. These funds focus on the revenues coming in and expenditures going out on a cash basis. These funds provide a short-term view of the County's operations. The County currently has eight governmental funds and adopts a budget for each of these funds. They consist of the following:

Major Funds

- General Fund
- Road Fund
- LGEA Fund
- Occupational Tax Fund
- Kentucky Land Heritage Fund

Non-major Funds

- Jail Fund
- Federal Grant Fund
- 911 Fund

**Proprietary Funds.** Proprietary funds provide the same type of information as the business-type activities column on the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the jail canteen fund.

**Notes to the Financial Statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Livingston County**  
**Management's Discussion and Analysis**  
**June 30, 2004**  
**(Continued)**

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

**Table 1**  
**Livingston County's Net Assets**  
**Governmental**  
**Activities**  
**Business-type**  
**Activities**

	<b>Total</b>					
	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>
<b>Assets</b>						
Current and						
Other Assets	\$ 1,433,412	\$ 1,752,092	\$ 12,492	\$ 3,546	\$ 1,445,904	\$ 1,755,638
Capital Assets	1,515,892	3,384,547		7,160	1,515,892	3,391,707
Total Assets	2,949,304	5,136,639	12,492	10,706	2,961,796	5,147,345
<b>Liabilities</b>						
Current and						
Other Liabilities	12,708	4,866			12,708	4,866
Long-term Liabilities	15,292	10,426			15,292	10,426
Total Liabilities	28,000	15,292	0	0	28,000	15,292
<b>Net Assets</b>						
Invested in Capital						
Assets Net of						
Related Debt	1,487,892	3,369,255		7,160	1,487,892	3,376,415
Unrestricted	1,433,412	1,752,092	12,492	3,546	1,445,904	1,755,638
Total Net Assets	<u>\$ 2,921,304</u>	<u>\$ 5,121,347</u>	<u>\$ 12,492</u>	<u>\$ 10,706</u>	<u>\$ 2,933,796</u>	<u>\$ 5,132,053</u>

**Change in Net Assets**

*Governmental Activities.* Livingston County's net assets increased by \$2,200,043 in fiscal year 2004. Key elements of this are as follows:

- Current assets and cash increased by \$318,680.
- Investment in capital assets and infrastructure, net of related debt increased by \$1,868,655 primarily due to the acquisition of land and the resurfacing of roads.
- Total liabilities decreased by \$12,708 due to annual debt payments.
- General revenues were \$1,727,270 and total revenues were 5,314,571 as reflected in the Statement of Activities.
- Expenses totaled \$3,114,528 as reflected in the Statement of Activities.

**Livingston County**  
**Management's Discussion and Analysis**  
**June 30, 2004**  
**(Continued)**

**Change in Net Assets (Continued)**

*Business-type Activities.* Livingston County's net assets decreased by \$1,786 in fiscal year 2004. Key elements are as follows:

- Current assets and cash decreased by \$8,946.
- Investment in capital assets net of related debt increased by \$7,160.
- Total revenues were \$8,324 as reflected in the Statement of Activities.
- Total Expenses were \$10,110 as reflected in the Statement of Activities.

**Basis of Accounting.** The County has elected to present all financial information on the modified cash basis of accounting. Under this basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense in the government-wide statement of activities. Furthermore, certain assets such as accounts receivable and certain liabilities such as accounts payable are not recorded in the financial statements. Readers should consider the limitations of this basis of accounting when reviewing the financial statements.

**Government-wide Financial Analysis**

The financial information of the County "as a whole" is reported in the two government-wide financial statements. One question to ask is whether the County is in better financial condition than last year. Net assets may serve over time as a useful indicator of a government's financial position.

Statement of Net Assets:

	Governmental Activities
Current Assets	\$ 1,752,092
Capital Assets	3,384,547
Total Assets	\$ 5,136,639
Long-term Debt	(15,292)
Total Net Assets	<u>\$ 5,121,347</u>

At June 30, 2004, the majority of the County's assets were invested in capital assets (land, buildings, infrastructure, etc.). The current assets represent cash available in all funds at June 30, 2004. In future years, comparative information will be available, but as this is the first year of implementation of Governmental Accounting Standards Board Statements 33, 34, and 37, such comparative information is not available for the current fiscal year.

**Livingston County**  
**Management's Discussion and Analysis**  
**June 30, 2004**  
**(Continued)**

**Government-wide Financial Analysis (Continued)**

Statement of Activities

Charges for Services	\$ 501,848	
Operating Grants and Contributions	765,543	
Capital Grants and Contributions	2,319,910	
General Revenues	<u>1,727,270</u>	
Total Revenues		\$ 5,314,571
Expenses:		
General Government	\$ 1,070,843	
Protection to Persons and Property	1,069,472	
General Health and Sanitation	278,275	
Social Services	17,277	
Recreation and Culture	17,157	
Roads	650,364	
Interest on Long-term and Short-term Debt	4,089	
Capital Projects	<u>7,051</u>	
Total Expenses		<u>3,114,528</u>
Change in Net Assets		2,200,043
Net Assets - Beginning (Restated)		<u>2,921,304</u>
Net Assets - Ending		<u>5,121,347</u>

During the fiscal year ended June 30, 2004, revenues exceeded expenditures by \$318,680 in governmental activities. Revenues for the fiscal year ended June 30, 2004 were \$5,342,778. This total does not include any surplus from the prior year. This amount does include Homeland Security and WMD grant money of \$21,687 and also litter abatement money of \$21,004. The County received a grant of \$11,133 for the Senate 66 grant. The Senate 66 grant money was saved to include with money received in the 2005/2006 fiscal year to use toward the purchase of a new ambulance. The County also received \$25,000 for flood damage repair for the road fund.

**Financial Analysis of the County's Funds**

Fund financial statements generally distinguish between major funds and non-major funds with major funds presented in individual separate columns. The County's governmental funds reflect a combined fund balance of \$1,752,092. The general fund's total fund balance increased by \$21,250. The General Fund's total unreserved fund balance at June 30, 2004 was \$415,976, which means it is available for spending on operations. The Road Fund's total fund balance increased by \$103,642. The LGEA Fund showed an increase of \$60,305. The Occupational Tax Fund showed an increase of \$71,963. Kentucky Land Heritage Fund increased by \$48,423. The 911 Fund increased by \$18,314. The Jail Fund decreased by \$5,217 with the General Fund transferring \$345,000 to the Jail Fund. All fund totals increased by \$318,680 from the previous year.

**Livingston County  
Management's Discussion and Analysis  
June 30, 2004  
(Continued)**

**General Fund Budgetary Highlights**

The County amended the original budget by \$287,249 to reflect increases in prior year carryover and other accounts. Various expenditures were increased by a total of \$287,249 as well. Also, throughout the year, the County made various line item transfers within the budget to increase certain line items while subsequently decreasing other line items. These types of transactions have no effect on the budget's bottom line. Throughout the year, expenditures were on target with the budget and within the limits of revenue coming into the County.

**Capital Assets**

The County's investment in capital assets at June 30, 2004 was \$3,384,547 in Governmental Activities.

**Debt**

The County paid long-term debt principal payments in the amount of \$12,708.

**Economic Factors and Next Year's Budget**

While establishing the next year's budget, the County considered many factors including the economy and mandated appropriations, both funded and unfunded. The County knows of no new taxes or new programs, which will affect the future.

**Contacting the County**

This report is designed to provide a general overview of the County's financial condition for all interested citizens. Questions concerning any of the information contained in this report may be directed to the County Judge/Executive or County Treasurer, Livingston County, P.O. Box 70, Smithland, KY 42081.

**LIVINGSTON COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2004**



**LIVINGSTON COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2004**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,752,092	\$ 3,546	\$ 1,755,638
Total Current Assets	<u>1,752,092</u>	<u>3,546</u>	<u>1,755,638</u>
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Land and Land Improvements	958,417		958,417
Buildings	1,091,955		1,091,955
Vehicles and Equipment	841,535	7,160	848,695
Infrastructure Assets - Net of Depreciation	<u>492,640</u>		<u>492,640</u>
Total Noncurrent Assets	<u>3,384,547</u>	<u>7,160</u>	<u>3,391,707</u>
Total Assets	<u>5,136,639</u>	<u>10,706</u>	<u>5,147,345</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Due Within One Year - Financing Obligation	<u>4,866</u>		<u>4,866</u>
Total Current Liabilities	<u>4,866</u>		<u>4,866</u>
Noncurrent Liabilities:			
Due In More Than One Year - Financing Obligation	<u>10,426</u>		<u>10,426</u>
Total Noncurrent Liabilities	<u>10,426</u>		<u>10,426</u>
Total Liabilities	<u>15,292</u>		<u>15,292</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	\$ 3,369,255	\$ 7,160	\$ 3,376,415
Unrestricted	<u>1,752,092</u>	<u>3,546</u>	<u>1,755,638</u>
Total Net Assets	<u>\$ 5,121,347</u>	<u>\$ 10,706</u>	<u>\$ 5,132,053</u>

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

**LIVINGSTON COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

**LIVINGSTON COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues Received</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental Activities:				
General Government	\$ 1,070,843	\$ 93,147	\$ 160,276	\$
Protection to Persons and Property	1,069,472	305,177	48,380	43,820
General Health and Sanitation	278,275	102,984	24,529	
Social Services	17,277			
Recreation and Culture	17,157			
Roads	650,364	540	532,358	1,065,220
Interest On Long-term And Short-term Debt	4,089			
Capital Projects	7,051			1,210,870
Total Governmental Activities	<u>3,114,528</u>	<u>501,848</u>	<u>765,543</u>	<u>2,319,910</u>
Business-type Activities:				
Jail Canteen	10,110	8,324		
Total Business-type Activities	<u>10,110</u>	<u>8,324</u>		
Total	<u>\$ 3,124,638</u>	<u>\$ 510,172</u>	<u>\$ 765,543</u>	<u>\$ 2,319,910</u>

**General Revenues:**

Taxes:

    Real and Personal Property Taxes

    Motor Vehicle Taxes

    Other Taxes

    In Lieu of Tax Payments

    Excess Fees

    Legal Process

    Miscellaneous Revenues

    Interest Earned

        Total General Revenues

        Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

**LIVINGSTON COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (817,420)	\$	\$ (817,420)
(672,095)		(672,095)
(150,762)		(150,762)
(17,277)		(17,277)
(17,157)		(17,157)
947,754		947,754
(4,089)		(4,089)
1,203,819		1,203,819
472,773		472,773
	(1,786)	(1,786)
	(1,786)	(1,786)
\$ 472,773	\$ (1,786)	\$ 470,987
381,461		381,461
55,710		55,710
952,540		952,540
208,596		208,596
38,701		38,701
68		68
57,542		57,542
32,652		32,652
1,727,270		1,727,270
2,200,043	(1,786)	2,198,257
2,921,304	12,492	2,933,796
\$ 5,121,347	\$ 10,706	\$ 5,132,053

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

**LIVINGSTON COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2004**

**LIVINGSTON COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2004**

	<b>General Fund</b>	<b>Road Fund</b>	<b>LGEA Fund</b>	<b>Occupational Tax Fund</b>	<b>Kentucky Land Heritage Fund</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 427,970	\$ 320,928	\$ 322,971	\$ 569,934	\$ 48,423
Total Assets	<u>\$ 427,970</u>	<u>\$ 320,928</u>	<u>\$ 322,971</u>	<u>\$ 569,934</u>	<u>\$ 48,423</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	\$ 11,994	\$ 11,030	\$ 11,776	\$ 5,288	\$
Unreserved:					
General Fund	415,976				
Special Revenue Funds		309,898	311,195	564,646	48,423
Total Fund Balances	<u>\$ 427,970</u>	<u>\$ 320,928</u>	<u>\$ 322,971</u>	<u>\$ 569,934</u>	<u>\$ 48,423</u>

The accompanying notes are an integral part of the financial statements.

**LIVINGSTON COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**June 30, 2004**  
**(Continued)**

<b>Non- Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 61,866	\$ 1,752,092
\$ 61,866	\$ 1,752,092

\$ 3,974	\$ 44,062
	415,976
57,892	1,292,054
\$ 61,866	\$ 1,752,092

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets**

Total Fund Balances	\$ 1,752,092
Amounts Reported for Governmental Activities in the Statement of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources and Therefore Are Not Reported in the Funds.	4,237,386
Accumulated Depreciation	(852,839)
Long-term Debt Is Not Due and Payable in the Current Period and, Therefore, Not Reported in the Funds.	
Due within One Year - Financing Obligation Principal	(4,866)
Due in More Than One Year - Financing Obligation Principal	(10,426)
Net Assets of Governmental Activities	<u>\$ 5,121,347</u>

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

**LIVINGSTON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

**LIVINGSTON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

	<u>General Fund</u>	<u>Road Fund</u>	<u>LGEA Fund</u>	<u>Occupational Tax Fund</u>
<b>REVENUES</b>				
Taxes	\$ 596,665	\$	\$ 23,024	\$ 728,456
In Lieu Tax Payments	208,596			
Excess Fees	38,701			
Licenses and Permits	16,577			
Intergovernmental	172,462	1,279,538	373,794	11,133
Charges for Services	29,435	370	40,265	346,017
Miscellaneous	65,100	42,621	7,642	11,583
Interest	11,383	9,848	5,007	6,186
Total Revenues	<u>1,138,919</u>	<u>1,332,377</u>	<u>449,732</u>	<u>1,103,375</u>
<b>EXPENDITURES</b>				
General Government	454,214		57,923	43,796
Protection to Persons and Property	6,224		44,912	760,436
General Health and Sanitation	20,933	16,782	107,206	128,333
Social Services	1,000		42,062	
Recreation and Culture	7,403		6,476	
Roads	38,800	948,959	126,666	60,047
Debt Service	11,783	306		
Capital Projects		97,671		
Administration	270,612	164,141	5,058	
Total Expenditures	<u>810,969</u>	<u>1,227,859</u>	<u>390,303</u>	<u>992,612</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>327,950</u>	<u>104,518</u>	<u>59,429</u>	<u>110,763</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	38,800		876	
Transfers to Other Funds	(345,500)	(876)		(38,800)
Total Other Financing Sources (Uses)	<u>(306,700)</u>	<u>(876)</u>	<u>876</u>	<u>(38,800)</u>
Net Change in Fund Balances	21,250	103,642	60,305	71,963
Fund Balances - Beginning (restated)	406,720	217,286	262,666	497,971
Fund Balances - Ending	<u>\$ 427,970</u>	<u>\$ 320,928</u>	<u>\$ 322,971</u>	<u>\$ 569,934</u>

The accompanying notes are an integral part of the financial statements.

**LIVINGSTON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>Kentucky Land Heritage Fund</b>	<b>Non- Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$	\$ 41,567	\$ 1,389,712
		208,596
		38,701
		16,577
787,740	464,135	3,088,802
	17,765	433,852
	6,941	133,887
	227	32,651
<u>787,740</u>	<u>530,635</u>	<u>5,342,778</u>
		555,933
	364,856	1,176,428
		273,254
		43,062
		13,879
		1,174,472
		12,089
739,317	425,502	1,262,490
	72,680	512,491
<u>739,317</u>	<u>863,038</u>	<u>5,024,098</u>
<u>48,423</u>	<u>(332,403)</u>	<u>318,680</u>
	345,500	385,176
		(385,176)
	<u>345,500</u>	
48,423	13,097	318,680
	48,769	1,433,412
<u>\$ 48,423</u>	<u>\$ 61,866</u>	<u>\$ 1,752,092</u>

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

**LIVINGSTON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**



**LIVINGSTON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

**Reconciliation to the Statement of Activities:**

Net Change in Fund Balances - Total Governmental Funds	\$	318,680
--	----	---------

Amounts Reported for Governmental Activities in the  
Statement of Activities Are Different Because:

Governmental Funds Report Capital Outlays as Expenditures. However, in the  
Statement of Activities the Cost of those Assets Is Allocated Over Their  
Estimated Useful Lives and Reported as Depreciation Expense.

Book Value of Disposed Assets	(34,793)	
Capital Outlay	2,066,654	
Depreciation Expense	(163,206)	

The Issuance of Long-term Debt (e.g. Bonds, Financing Obligations)  
Provides Current Financial Resources to Governmental Funds While  
the Repayment of Principal on Long-term Debt Consumes the Current  
Financial Resources of Governmental Funds. These Transactions, However,  
Have No Effect on Net Assets.

Financing Obligation Principal Payment		12,708
--	--	--------

Change in Net Assets of Governmental Activities	\$	2,200,043
---	----	-----------

THIS PAGE LEFT BLANK INTENTIONALLY

**LIVINGSTON COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2004**



**LIVINGSTON COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2004**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 3,546
Total Current Assets	<u>3,546</u>
Noncurrent Assets:	
Capital Assets:	
Vehicles and Equipment	
Net of Accumulated Depreciation	<u>7,160</u>
Total Noncurrent Assets	<u>7,160</u>
Total Assets	<u>10,706</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	\$ 7,160
Unrestricted	<u>3,546</u>
Total Net Assets	<u><u>\$ 10,706</u></u>

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

**LIVINGSTON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**



**LIVINGSTON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Operating Revenues</b>	
Canteen Receipts	\$ 8,324
Total Operating Revenues	<u>8,324</u>
<b>Operating Expenses</b>	
Cost of Sales	7,006
Educational and Recreational	2,361
Depreciation	740
Miscellaneous	<u>3</u>
Total Operating Expenses	<u>10,110</u>
Operating Loss	<u>(1,786)</u>
Change In Net Assets	(1,786)
Total Net Assets - Beginning	<u>12,492</u>
Total Net Assets - Ending	<u><u>\$ 10,706</u></u>

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

**LIVINGSTON COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**



**LIVINGSTON COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Cash Flows From Operating Activities</b>	
Receipts From Customers	\$ 8,324
Cost of Sales	(7,006)
Educational and Recreational	(2,361)
Miscellaneous	(3)
Net Cash Used By	
Operating Activities	(1,046)
<b>Cash Flows From Capital and Related Financing Activities</b>	
Capital Assets Purchased	(7,900)
Net Cash Used By	
Capital and Related Financing Activities	(7,900)
Net Decrease in Cash and Cash Equivalents	(8,946)
Cash and Cash Equivalents - July 1	12,492
Cash and Cash Equivalents - June 30	\$ 3,546
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating Loss	\$ (1,786)
Adjustments to Reconcile Operating Loss To Net Cash Used	
By Operating Activities:	
Depreciation Expense	740
Net Cash Used By Operating Activities	\$ (1,046)

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	43
NOTE 2.	DEPOSITS.....	48
NOTE 3.	CAPITAL ASSETS .....	49
NOTE 4.	SHORT-TERM DEBT.....	50
NOTE 5.	FINANCING OBLIGATION .....	51
NOTE 6.	EMPLOYEE RETIREMENT SYSTEM.....	51
NOTE 7.	DEFERRED COMPENSATION .....	52
NOTE 8.	INSURANCE .....	52
NOTE 9.	SUBSEQUENT EVENT .....	52
NOTE 10.	CHANGES IN ACCOUNTING PRINCIPLES .....	53

**LIVINGSTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items are not reflected in the financial statements

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Livingston County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service.

Additional – Livingston County Elected Officials

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

Kentucky law provides for election of the officials above from the geographic area constituting Livingston County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices

**LIVINGSTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**LIVINGSTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds**

The county reports the following major governmental funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Governor's Office for Local Development requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Governor's Office for Local Development requires the fiscal court to maintain these revenues and expenditures separately from the General Fund.

LGEA Fund - The primary purpose of this fund is to account for economic assistance funds of the county. The primary sources of revenue for this fund are coal and mineral severance taxes from the state. The Governor's Office for Local Development requires the fiscal court to maintain these revenues and expenditures separately from the General Fund.

Occupational Tax Fund - The primary purpose of this fund is to account for the receipt and disbursement of occupational tax funds of the county. The primary sources of revenue of this fund are occupational and net profit taxes. These funds are used primarily for the operation of the county's ambulance service. These funds are maintained separately from the General Fund due to the restrictions placed upon them by the county's occupational tax ordinance.

Kentucky Land Heritage Fund - This fund is for the acquisition of land. The primary source of revenue for this fund is state payments for land conservation. The Governor's Office for Local Development requires the fiscal court to maintain these revenues and expenditures separately from the General Fund.

The county also has the following non-major funds: Jail Fund, Federal Grant Fund, and 911 Fund, which are used to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3<sup>rd</sup> Saturday in April following the delinquency date.

**LIVINGSTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Government-wide and Fund Financial Statements (Continued)**

**Proprietary Fund**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless the Governmental Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

The government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

**D. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**E. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

**LIVINGSTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Capital Assets (Continued)**

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 7,500	10-60
Buildings and Building Improvements	\$ 7,500	10-75
Machinery and Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 10,000	10-50

**F. Long-term Obligations**

In the government-wide financial statements and proprietary funds in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of financing obligations is reported.

In the fund financial statements, governmental funds recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**G. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

**LIVINGSTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**H. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**I. Related Organizations and Jointly Governed Boards**

A related organization is an entity for which a county is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the county appoints a voting majority of the related organization's governing board. Based on these criteria, the Senior Citizens Center is considered to be a related organization of the Livingston County Fiscal Court.

A jointly governed board is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that created the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. Based upon these criteria, the Livingston-Crittenden Water District is considered to be a jointly governed board of the Livingston County Fiscal Court.

**Note 2. Deposits**

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2004, the county's deposits were fully insured or collateralized at a 100% level with collateral of pledged securities held by the county's agent in the county's name.

**LIVINGSTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**Note 3. Capital Assets**

The county elected to disclose only current year additions to infrastructure. Capital asset activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 202,703	\$ 755,714	\$	\$ 958,417
Construction in Progress	76,871		(76,871)	
Total Capital Assets Not Being Depreciated	279,574	755,714	(76,871)	958,417
Capital Assets, Being Depreciated:				
Buildings	877,638	535,618		1,413,256
Vehicles and Equipment	1,055,695	313,931	(42,175)	1,327,451
Infrastructure		538,262		538,262
Total Capital Assets Being Depreciated	1,933,333	1,387,811	(42,175)	3,278,969
Less Accumulated Depreciation For:				
Buildings	(295,912)	(25,389)		(321,301)
Vehicles and Equipment	(401,103)	(92,195)	7,382	(485,916)
Infrastructure		(45,622)		(45,622)
Total Accumulated Depreciation	(697,015)	(163,206)	7,382	(852,839)
Total Capital Assets, Being Depreciated, Net	1,236,318	1,224,605	(34,793)	2,426,130
Governmental Activities Capital Assets, Net	<u>\$ 1,515,892</u>	<u>\$ 1,980,319</u>	<u>\$ (111,664)</u>	<u>\$ 3,384,547</u>
<u>Business-Type Activities:</u>				
Capital Assets, Being Depreciated:				
Vehicles and Equipment	\$	\$ 7,900	\$	\$ 7,900
Total Capital Assets Being Depreciated				7,900
Less Accumulated Depreciation For:				
Vehicles and Equipment		(740)		(740)
Total Accumulated Depreciation		(740)		(740)
Total Capital Assets, Being Depreciated, Net		7,160		7,160
Business-Type Activities Capital Assets, Net	<u>\$ 0</u>	<u>\$ 7,160</u>	<u>\$ 0</u>	<u>\$ 7,160</u>

**LIVINGSTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**Note 3. Capital Assets (Continued)**

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 5,218
Protection to Persons and Property	44,406
General Health and Sanitation	5,021
Social Services	10,096
Recreation and Culture	3,278
Roads, Including Depreciation of General Infrastructure Assets	<u>95,187</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 163,206</u>
<u>Business-Type Activities</u>	
Jail Canteen	<u>\$ 740</u>
Total Depreciation Expense - Business Activities	<u>\$ 740</u>

**Note 4. Short-term Debt**

In July 2003, Livingston County participated in the Kentucky Association of Counties Kentucky Advance Revenue Program in both the General Fund and Road Fund by issuing notes in the amounts of \$542,300 and \$47,900 respectively, with the principal being due in January 2004. While the County did not use the borrowed funds in order to meet current General and Road Fund expenses, they were able to reinvest the funds and receive net interest earnings from the Kentucky Association of Counties Kentucky Advance Revenue Program of \$2,990.

Changes In Short-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Kentucky Advance Revenue Program	\$	\$ 590,200	\$ 590,200	\$
Governmental Activities				
Short-term Liabilities	<u>\$ 0</u>	<u>\$ 590,200</u>	<u>\$ 590,200</u>	<u>\$ 0</u>

**LIVINGSTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**Note 5. Long-term Debt - Financing Obligation**

**A. Rescue Squad Truck**

The county entered into a financing obligation with Branch Banking and Trust Company for a rescue squad truck on October 3, 2002 at a fixed rate of 4.03 percent. The principal outstanding as of June 30, 2004 was \$15,292. Future principal and interest requirements are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2005	\$ 4,866	\$ 665
2006	5,110	420
2007	5,316	214
Totals	<u>\$ 15,292</u>	<u>\$ 1,299</u>

**B. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2004, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
Financing Obligations	\$ 28,000	\$	\$ (12,708)	\$ 15,292	\$ 4,866
Governmental Activities					
Long-term Liabilities	<u>\$ 28,000</u>	<u>\$ 0</u>	<u>\$ (12,708)</u>	<u>\$ 15,292</u>	<u>\$ 4,866</u>

**Note 6. Employee Retirement System**

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple-employer defined benefit pension plan, which covers all eligible full-time employees and provides retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.34 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.51 percent.

**LIVINGSTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**Note 6. Employee Retirement System (Continued)**

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

**Note 7. Deferred Compensation**

For the fiscal year ended June 30, 2004, the Livingston County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplementary retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees Deferred Compensation Authority at 105 Sea Hero Road, Suite 1, Frankfort, Kentucky 40601-8862, or by telephone at (502) 573-7925.

**Note 8. Insurance**

For the fiscal year ended June 30, 2004, Livingston County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 9. Subsequent Event**

Ledbetter Water District #1 entered into a lease agreement with the Kentucky Association of Counties Leasing Trust in April 2005, in an amount not to exceed \$3,300,000. Proceeds from the lease will be used for interim financing of the purchase of the Ledbetter Sewer System. Livingston County is contingently liable for this debt.

**LIVINGSTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**  
**(Continued)**

**Note 10. Changes in Accounting Principles**

The county has elected to implement Governmental Accounting Standards Board (GASB) Statements 33, 34, and 37, as they relate to the modified cash basis of accounting as described in Note 1, which has altered the format and content of the basic financial statements. The effect of this change on the beginning net assets of the governmental activities is an increase of \$1,487,892 due primarily to capital assets previously not reported. There was no change on the beginning net assets of the business-type activities.

	Governmental Activities	Business-type Activities
Beginning Balance	\$ 1,433,412	\$ 12,492
Capital Assets (Net of Accumulated Depreciation) Previously Omitted	1,515,892	
Long-term Debt Previously Omitted	(28,000)	
Total Restated Beginning Balance	<u>\$ 2,921,304</u>	<u>\$ 12,492</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**LIVINGSTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2004**



**LIVINGSTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**

**For The Year Ended June 30, 2004**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts, (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 557,900	\$ 571,509	\$ 596,665	\$ 25,156
In Lieu Tax Payments	179,000	212,596	208,596	(4,000)
Excess Fees	19,910	38,666	38,701	35
Licenses and Permits	7,700	12,959	16,577	3,618
Intergovernmental Revenue	133,550	212,247	172,462	(39,785)
Charges for Services	1,000	31,760	29,435	(2,325)
Miscellaneous	71,840	72,019	65,100	(6,919)
Interest	19,400	19,400	11,383	(8,017)
Total Revenues	<u>\$ 990,300</u>	<u>\$ 1,171,156</u>	<u>\$ 1,138,919</u>	<u>\$ (32,237)</u>
<b>EXPENDITURES</b>				
General Government	500,003	549,478	454,214	95,264
Protection to Persons and Property	6,310	17,310	6,224	11,086
General Health and Sanitation	20,850	24,360	20,933	3,427
Social Services		1,001	1,000	1
Recreation and Culture		7,417	7,403	14
Roads		38,801	38,800	1
Debt Service	511,820	554,175	554,083	92
Administration	522,032	643,522	270,612	372,910
Total Expenditures	<u>\$ 1,561,015</u>	<u>\$ 1,836,064</u>	<u>\$ 1,353,269</u>	<u>\$ 482,795</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(570,715)</u>	<u>(664,908)</u>	<u>(214,350)</u>	<u>450,558</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Borrowed Money	500,000	542,300	542,300	
Transfers from Other Funds	85,217	85,217	38,800	(46,417)
Transfers to Other Funds	(356,561)	(356,561)	(345,500)	11,061
Total Other Financing Sources (Uses)	<u>\$ 228,656</u>	<u>\$ 270,956</u>	<u>\$ 235,600</u>	<u>\$ (35,356)</u>
Net Changes in Fund Balance	(342,059)	(393,952)	21,250	415,202
Fund Balance - Beginning	<u>342,059</u>	<u>406,152</u>	<u>406,720</u>	<u>568</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 12,200</u>	<u>\$ 427,970</u>	<u>\$ 415,770</u>

**LIVINGSTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

**Reconciliation of Budgetary Statement to Statement of  
Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds Modified Cash Basis:**

Total Revenues per Budgetary Statement		\$ 1,138,919
Total Expenditures per Budgetary Statement	\$ (1,353,269)	
KARP Principal	<u>542,300</u>	(810,969)
Other Financing Sources (Uses) Per Budgetary Statement	235,600	
KARP Principal	<u>(542,300)</u>	(306,700)
Beginning Fund Balance per Budgetary Statement		<u>406,720</u>
Ending Fund Balance per Budgetary Statement and Statement of Revenues, Expenditures, and Changes in Fund Balance		<u>\$ 427,970</u>

**LIVINGSTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 831,100	\$ 1,321,314	\$ 1,279,538	\$ (41,776)
Charges for Services		260	370	110
Miscellaneous	13,500	15,347	42,621	27,274
Interest	14,000	14,000	9,848	(4,152)
Total Revenues	<u>\$ 858,600</u>	<u>\$ 1,350,921</u>	<u>\$ 1,332,377</u>	<u>\$ (18,544)</u>
<b>EXPENDITURES</b>				
General Health and Sanitation	\$ 18,520	\$ 39,285	\$ 16,782	\$ 22,503
Roads	634,175	1,055,621	948,959	106,662
Debt Service		48,206	48,206	
Capital Projects		117,000	97,671	19,329
Administration	356,822	289,626	164,141	125,485
Total Expenditures	<u>\$ 1,009,517</u>	<u>\$ 1,549,738</u>	<u>\$ 1,275,759</u>	<u>\$ 273,979</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(150,917)</u>	<u>(198,817)</u>	<u>56,618</u>	<u>255,435</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Borrowed Money		47,900	47,900	
Transfers to Other Funds	(85,217)	(85,217)	(876)	84,341
Total Other Financing Sources (Uses)	<u>(85,217)</u>	<u>(37,317)</u>	<u>47,024</u>	<u>84,341</u>
Net Changes in Fund Balance	(236,134)	(236,134)	103,642	339,776
Fund Balance - Beginning	<u>236,134</u>	<u>236,134</u>	<u>217,286</u>	<u>(18,848)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 320,928</u>	<u>\$ 320,928</u>

**LIVINGSTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

**Reconciliation of Budgetary Statement to Statement of  
Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds Modified Cash Basis:**

Total Revenues per Budgetary Statement		\$ 1,332,377
Total Expenditures per Budgetary Statement	\$ (1,275,759)	
KARP Principal	<u>47,900</u>	(1,227,859)
Other Financing Sources (Uses) per Budgetary Statement	47,024	
KARP Principal	<u>(47,900)</u>	(876)
Beginning Fund Balance per Budgetary Statement		<u>217,286</u>
Ending Fund Balance per Budgetary Statement and Statement of Revenues, Expenditures, and Changes in Fund Balance		<u>\$ 320,928</u>

**LIVINGSTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 27,150	\$ 49,409	\$ 23,024	\$ (26,385)
Licenses and Permits		1,862		(1,862)
Intergovernmental Revenue	183,000	373,787	373,794	7
Charges for Services			40,265	40,265
Miscellaneous		7,642	7,642	
Interest	3,750	3,750	5,007	1,257
Total Revenues	213,900	436,450	449,732	13,282
<b>EXPENDITURES</b>				
General Government	\$ 48,649	\$ 72,310	\$ 57,923	\$ 14,387
Protection to Persons and Property	23,500	53,522	44,912	8,610
General Health and Sanitation	80,720	173,203	107,206	65,997
Social Services	29,700	44,214	42,062	2,152
Recreation and Culture	14,500	15,567	6,476	9,091
Roads	30,000	154,779	126,666	28,113
Administration	149,498	185,521	5,058	180,463
Total Expenditures	\$ 376,567	\$ 699,116	\$ 390,303	\$ 308,813
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(162,667)	(262,666)	59,429	322,095
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds			876	876
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 876	\$ 876
Net Changes in Fund Balances	(162,667)	(262,666)	60,305	322,971
Fund Balances - Beginning	162,667	262,666	262,666	
Fund Balances - Ending	\$ 0	\$ 0	\$ 322,971	\$ 322,971

**LIVINGSTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>OCCUPATIONAL TAX FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 728,000	\$ 728,000	\$ 728,456	\$ 456
Intergovernmental Revenue	10,000	10,000	11,133	1,133
Charges for Services	675,000	675,000	346,017	(328,983)
Miscellaneous	13,000	14,373	11,583	(2,790)
Interest	8,500	8,500	6,186	(2,314)
Total Revenues	<u>\$ 1,434,500</u>	<u>\$ 1,435,873</u>	<u>\$ 1,103,375</u>	<u>\$ (332,498)</u>
<b>EXPENDITURES</b>				
General Government	\$ 54,539	\$ 54,845	\$ 43,796	\$ 11,049
Protection to Persons and Property	635,299	834,733	760,436	74,297
General Health and Sanitation	604,320	530,445	128,333	402,112
Roads	125,000	125,000	60,047	64,953
Administration	421,525	388,724		388,724
Total Expenditures	<u>\$ 1,840,683</u>	<u>\$ 1,933,747</u>	<u>\$ 992,612</u>	<u>\$ 941,135</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(406,183)</u>	<u>(497,874)</u>	<u>110,763</u>	<u>608,637</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds			(38,800)	(38,800)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (38,800)</u>	<u>\$ (38,800)</u>
Net Changes in Fund Balances	(406,183)	(497,874)	71,963	569,837
Fund Balances - Beginning	<u>406,183</u>	<u>497,874</u>	<u>497,971</u>	<u>97</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 569,934</u>	<u>\$ 569,934</u>

**LIVINGSTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>KENTUCKY LAND HERITAGE FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 579,840	\$ 785,940	\$ 787,740	\$ 1,800
Total Revenues	579,840	785,940	787,740	1,800
<b>EXPENDITURES</b>				
Capital Projects	579,840	785,940	739,317	46,623
Total Expenditures	579,840	785,940	739,317	46,623
Net Changes in Fund Balances			48,423	48,423
Fund Balances - Beginning				
Fund Balances - Ending	\$ 0	\$ 0	\$ 48,423	\$ 48,423

**LIVINGSTON COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2004**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**LIVINGSTON COUNTY  
COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
Other Supplementary Information**

**June 30, 2004**



**LIVINGSTON COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2004**

	<b>Jail Fund</b>	<b>Federal Grant Fund</b>	<b>911 Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,263	\$	\$ 55,603	\$ 61,866
Total Assets	<u>\$ 6,263</u>	<u>\$ 0</u>	<u>\$ 55,603</u>	<u>\$ 61,866</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	\$ 3,642	\$	\$ 332	\$ 3,974
Unreserved:				
Special Revenue Funds	<u>2,621</u>	<u></u>	<u>55,271</u>	<u>57,892</u>
Total Fund Balances	<u>\$ 6,263</u>	<u>\$ 0</u>	<u>\$ 55,603</u>	<u>\$ 61,866</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**LIVINGSTON COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2004**



**LIVINGSTON COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2004**

	<b>Jail Fund</b>	<b>Federal Grant Fund</b>	<b>911 Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$	\$	\$ 41,567	\$ 41,567
Intergovernmental	41,005	423,130		464,135
Charges for Services	17,595		170	17,765
Miscellaneous	6,941			6,941
Interest	33		194	227
Total Revenues	<u>\$ 65,574</u>	<u>\$ 423,130</u>	<u>\$ 41,931</u>	<u>\$ 530,635</u>
<b>EXPENDITURES</b>				
Protection to Persons and Property	\$ 342,646	\$	\$ 22,210	\$ 364,856
Capital Projects	2,372	423,130		425,502
Administration	71,273		1,407	72,680
Total Expenditures	<u>\$ 416,291</u>	<u>\$ 423,130</u>	<u>\$ 23,617</u>	<u>\$ 863,038</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(350,717)</u>		<u>18,314</u>	<u>(332,403)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	\$ 345,500	\$		\$ 345,500
Total Other Financing Sources (Uses)	<u>\$ 345,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 345,500</u>
Net Change in Fund Balances	(5,217)		18,314	13,097
Fund Balances - Beginning	11,480		37,289	48,769
Fund Balances - Ending	<u><u>\$ 6,263</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 55,603</u></u>	<u><u>\$ 61,866</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Christopher K. Lasher, Livingston County Judge/Executive  
Members of the Livingston County Fiscal Court

**Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Livingston County, Kentucky, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 18, 2005. Livingston County presents its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Livingston County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Livingston County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of Livingston County Fiscal Court, management, and the Governor's Office for Local Development and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
May 18, 2005

**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**LIVINGSTON COUNTY FISCAL COURT**


**For The Fiscal Year Ended  
June 30, 2004**



**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**  
**LIVINGSTON COUNTY FISCAL COURT**


**For The Fiscal Year Ended June 30, 200**

The Livingston County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name

County Judge/Executive



Name

County Treasurer